



**FEDERAL ELECTION COMMISSION**  
WASHINGTON, D.C. 20463

**MAR 23 2009**

**VIA ELECTRONIC AND U.S. MAIL**

**Shane Novak**

**Treasurer**

**Carl Romanelli for U.S. Senate**

**308 Spring Street**

**Hanover Township, PA 18706**

**Carl Romanelli**

**344 South Franklin Street**

**Wilkes-Barre, PA 18702**

**RE: MUR 5783**  
**Carl Romanelli for U.S. Senate**  
**Carl Romanelli**

**Dear Messrs. Novak and Romanelli:**

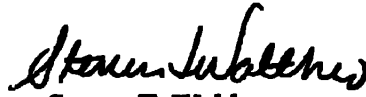
As you were previously notified, on May 9, 2007, the Federal Election Commission ("the Commission") found reason to believe that Carl Romanelli for U.S. Senate and Shane Novak, in his official capacity as Treasurer ("Committee") and Carl Romanelli violated 2 U.S.C. § 441a(f) by knowingly receiving excessive in-kind contributions. After an investigation, on February 26, 2009, the Commission found reason to believe that the Committee also violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.3(a), (b)(4) by failing to accurately disclose its activities.

Enclosed are (1) a Factual and Legal Analysis setting forth the basis of the additional reason to believe findings the Commission made on February 26, 2009

29044253533

Shane Novak  
Carl Romanelli  
Page 2 of 2

On behalf of the Commission,

  
Steven T. Walther  
Chairman

Enclosure  
Factual and Legal Analysis

29044253534

**FEDERAL ELECTION COMMISSION**

**FACTUAL AND LEGAL ANALYSIS**

**Respondents: Carl Romanelli for U.S. Senate  
and Shane Novak, in his official  
capacity as Treasurer**

**MUR: 5783**

**I. INTRODUCTION**

William R. Caroselli alleges that the Green Party of Luzerne County, PA and Shane Novak, in his official capacity as treasurer ("GPL"), Carl Romanelli for U.S. Senate and Shane Novak, in his official capacity as treasurer ("the Romanelli Committee"), and Carl J. Romanelli violated the Federal Election Campaign Act of 1971, as amended ("the Act"). Specifically, the complaint asserts that GPL was created and operated as a way to funnel earmarked contributions to the Romanelli Committee by financing ballot access initiatives for Romanelli, and that GPL and the Romanelli Committee violated the Act by making and knowingly receiving excessive contributions.

As discussed in more detail below, the Commission finds reason to believe that the Romanelli Committee violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.3 by failing to accurately report the receipt of in-kind contributions.

**II. FACTUAL SUMMARY**

**A. GPL'S STRUCTURE AND RELATIONSHIP TO THE ROMANELLI COMMITTEE**

In 2000, a small group of local activists formed GPL, located in Hanover Township, Pennsylvania. GPL registered with the Commission as a federal political committee in May 2006. See GPL Statement of Organization, filed May 26, 2006.

GPL is affiliated with the Green Party of Pennsylvania ("GPPA"). Although GPPA registered with the Commission in June 2006 as a political committee, see GPPA Statement of

1 Organization, filed June 13, 2006, it never sought qualification as a state party under 11 C.F.R.  
 2 § 100.14(a). In January 2007, GPPA terminated its registration, and the Commission approved  
 3 such termination in February 2007.

4 Carl Romanelli has been GPL's Co-Chair since 2001. He ran for U.S. Senate in 2006,  
 5 and his authorized committee, the Romanelli Committee, registered with the Commission in May  
 6 2006. *See* Romanelli Committee, Statement of Organization, filed May 31, 2006. In its  
 7 amended statement of organization, GPL reported that the Romanelli Committee was an  
 8 affiliated committee.<sup>1</sup> *See* GPL Amended Statement of Organization, filed July 6, 2006.

9 When Romanelli decided to run for U.S. Senate in 2006, he learned he needed more than  
 10 60,000 signatures to qualify for the ballot in Pennsylvania's general election and looked to the  
 11 party for assistance.<sup>2</sup> However, according to Romanelli, GPPA was disorganized and had lost  
 12 status as a party in Pennsylvania. Believing that GPL could assume the duties of the state party,  
 13 Romanelli approached GPPA officials, who agreed that GPL would conduct all ballot  
 14 qualification efforts for GPPA candidates. Supplemental Response of Carl J. Romanelli. During  
 15 the investigation, GPL produced an affidavit, dated August 30 and September 4, 2007 and signed  
 16 by the Chairperson and Treasurer of the Pennsylvania Green Party. *See* Affidavit of Paul Tecse  
 17 and Steven Baker. This affidavit averred that the GPPA agreed to assign all administrative and  
 18 coordinated expenditures to GPL with respect to all federal candidates of the GPPA for the  
 19 purpose of ballot qualification. *Id.*

<sup>1</sup> Under 11 C.F.R. § 100.5(g)(5), no authorized committee can be affiliated with an entity that is not an authorized committee. Thus, GPL improperly listed the Romanelli Committee, the authorized committee for Romanelli's Senate campaign, as an affiliate in its amended Statement of Organization.

<sup>2</sup> Although Romanelli collected approximately 99,000 signatures, the Commonwealth Court of Pennsylvania ruled that the number of valid signatures fell 9,000 short of the total required and removed his name from the November ballot. *See In re: Nomination Paper of Marakay Rogers et al.*, 914 A.2d 451 (Pa. Commonw. Ct. 2006), *aff'd* 589 A.2d 503 (Pa. 2006); *see also Green Party Candidate Is Off November Senate Ballot*, ROLL CALL, Oct. 5, 2006.

**B. FUNDRAISING AND SPENDING FOR 2006 BALLOT QUALIFICATION**

Romanelli led the efforts to finance the ballot access efforts. In the spring of 2006, Romanelli issued nationwide press releases soliciting funds on behalf of GPPA candidates, calling this plan his "brain child."<sup>3</sup> From June through August 2006, GPL raised approximately \$155,000 in contributions. Romanelli credits the resulting press coverage for GPL's fundraising successes.

GPL hired JSM Inc. for petitioning services to obtain ballot access for Pennsylvania Green Party candidates. Romanelli stated that he first heard about JSM in 2004 when the company qualified Ralph Nader. In April 2006, he found contact information for Jennifer Breslin, the Director and President of JSM, and called her about qualifying for the Pennsylvania ballot. Breslin initially quoted a price of \$500,000 for obtaining signatures. However, Romanelli doubted he could raise such funds, so the parties agreed to a "pay as you go" arrangement, although there was no written agreement.<sup>4</sup> Between June 5 and September 11, 2006, GPL paid approximately \$88,000 for petitioning services to JSM.

Petitioning efforts focused on Romanelli; four House candidates, Dave Baker (2nd District), Titus North (14th District), Greta Browne (15th District), and Derf Maitland (19th District); and three non-federal candidates, Marakay Rogers (Governor), Christina Valente (Lieutenant Governor), and Katrina Heycock (General Assembly). See Amended 2006 July Quarterly Report, filed Aug. 27, 2006; Green Party of the United States, *Campaigns for House, Senate to Watch in 2006*, available at [www.gp.org/press/pr\\_2006-05-15.shtml](http://www.gp.org/press/pr_2006-05-15.shtml); Nominating Papers.

<sup>3</sup> While respondents were unable to produce any of the press releases during discovery, Romanelli indicated that the press releases stated that funds were needed to obtain access for all Green Party candidates running for office in Pennsylvania and did not specify that funds would be used for his Senate race.

<sup>4</sup> JSM did not perform the petitioning services but retained a sub-contractor, YPM, LLC, to conduct the petitioning. As a result, although GPL wrote checks payable JSM, JSM transferred all funds to YPM.

**C. REPORTING DISBURSEMENTS FOR BALLOT QUALIFICATION**

**1. 2006 July Quarterly Report**

In two different versions of its 2006 July Quarterly Report, the Romanelli Committee reported contributions from GPL in the following manner:

- In the first 2006 July Quarterly Report, filed July 16, 2006, the Romanelli Committee reported receiving \$66,000 in-kind contributions from GPL.
- The Romanelli Committee then filed an amended July Quarterly Report on August 25, 2006 reflecting a \$13,200 contribution from GPL with the notation that this was for authorized federal petitioning in the form of a coordinated party expenditure and a \$13,200 disbursement to GPL for a petition drive and voter outreach.

**III. LEGAL ANALYSIS**

**A. REPORTING VIOLATION**

For reporting purposes, the receipt of an in-kind contribution must be disclosed as a contribution on Schedule A as well as an expenditure on Schedule B to avoid inflating cash on hand. See 11 C.F.R. § 104.13(a). The investigation revealed that GPL's payments totaling \$11,000 to JSM for ballot qualification efforts were in-kind contributions to the Romanelli Committee. By disclosing a contribution on Schedules A and B in its Amended 2006 July Quarterly Report, the Romanelli Committee used the correct approach to report the contribution, yet the Committee still made some errors. First, the Romanelli Committee reported receiving one \$13,200 in-kind contribution when it should have disclosed receiving a series of contributions totaling \$11,000 between June through September 2006.<sup>5</sup> Second, the Romanelli Committee erroneously noted that the purpose of the in-kind contribution was for coordinated

<sup>5</sup> The Romanelli Committee could not provide factual support for the receipt of a \$13,200 in-kind contribution. Although we do not have definitive information that the Romanelli Committee in fact received \$11,000 in in-kind contributions, we believe that in the absence of information showing a different distribution of expenditures, the methodology dividing the \$88,000 equally among eight Green Party candidates was the most reasonable for reporting purposes. Cf. 11 C.F.R. § 106.1(a) (providing that expenditures made on behalf of one or more clearly identified federal candidate should be attributed based on the benefit that reasonably expected to be derived).

1 party expenditures, in violation of 11 C.F.R. § 104.3(b)(4). Accordingly, the Commission finds  
2 reason to believe that the Romanelli Committee violated 2 U.S.C. § 434(b) and 11 C.F.R.  
3 § 104.3.

4 **IV. CONCLUSION**

5 Based on the information described above, the Commission finds reason to believe that  
6 the Romanelli Committee violated 2 U.S.C. § 434(b) and 11 C.F.R. § 104.3 by failing to  
7 properly report the receipt of in-kind contributions.  
8

29044253539